

EXECUTIVE DIRECTOR'S MONTHLY REPORT

AUGUST 2006

Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- Continuing Cooperative Agreements. As of July 31, 2006 One Continuing Cooperative Agreement (CCA's) with SCAG subregions has been fully executed. Six CCA's are still under review by the subregions and Five CCA's are still in preparation by SCAG. On July 27, 2006 at the Regional Coordinator's Meeting clarifications were sought by some Regional Coordinators regarding some new requirements. SCAG's CFO and Legal Counsel committed to responses prior to the next Regional Coordinator's meeting.
- Audits. SCAG staff met with FHWA and Caltrans staff in Sacramento to discuss Caltrans Post Award Audit findings at OCCOG in March 2006.

One of the two final Pre-Award Audits has been initiated. Imperial Valley COG submitted their internal contracts check list on June 19, 2006, and responses to our questionnaire on July 14, 2006. This Audit should be completed by August 11, 2006. North County COG has committed to respond to our questionnaire and provide a check list by August 18, 2006.

- Year End Closing. The cut off date for receiving 2006 Fiscal Year consultant invoices and RC Member expenses was July 31, 2006. All 2006 Fiscal Year costs will be posted by August 13th. The Final CPG Billing and Report of Expenditures are planned for submittal to Caltrans on August 30, 2006.

II. Provide support to the Regional Council in providing direction and leadership to SCAG

- June 29th Visit by Joe Szabat. On June 29th, John Cline, our Washington representative, and I met with Joel Szabat, Deputy Assistant Secretary for the U.S. Department of Transportation, accompanied by Barry Sedlick, State Business, Transportation & Housing Agency, to hear the department's America's Freightway Initiative. In order to unlock additional freight capacity, former Secretary Mineta, had directed USDOT staff to work closely with stakeholders in Southern California. They have identified two steps to comprehensively address freight congestion. First, achieve stakeholder agreement on the level of Southern California container throughput capacity that would meet the needs of the region and the nation in 2020. Second, identify the mix of additional capacity, new technologies, and operational improvements necessary to create the needed capacity. At that meeting, Joel emphasized that he is here to help the region and to build off of the state and local efforts already underway. John Cline, our Washington representative, is discussing with Assistant Secretary Tyler Duvall and Joel Szabat possible next steps that DOT could undertake to carry out the Secretary's directive.
- July 7th Senator Feinstein Meeting. On July 7th, Senator Feinstein's office held its second meeting of Southern California Stakeholders to discuss the region's goods movement priorities. The next meeting is scheduled for Friday, August 4th at the Metropolitan Water District. The purpose of these meetings,

chaired by James Peterson (Regional Director to the Senator), has been to reach consensus prior to the Senator's visit expected sometime in August or September 2006. At the last meeting, Joel Szabat, Deputy Assistant Secretary for the U.S. Department of Transportation, spoke via teleconference about the USDOT's America's Freightway Initiative. There was considerable discussion that followed about whether producing a capacity target was a policy determination or whether the feds will accept demand projections. I reminded the group that it needed to factor in the region's capacity to mitigate environmental and community impacts as well. The group generally felt that a new MOU was not needed since a MOU between SCAG, the commissions, and the various federal and state agencies was already underway. Discussion then ensued on what constituted a "high priority" list. It was agreed that the state Goods Movement Action Plan Phase II list should serve as an initial candidate list. The group concurred that the Multi-County Goods Movement Action Plan process will build off of the state process and that this list should be considered. I pointed out that not all of the projects on the list have been environmentally cleared, and that the conformity process has to be addressed.

- On July 17th I and Mike Armstrong, SCAG aviation staff, met with representatives from the March Joint Powers Authority to discuss updates of 2035 passenger forecasts for March Inland Port that will be developed for the agency's 2008 RTP. These representatives included March JPA Chairman, Councilman Richard Stewart, Executive Director Phil Rizzo and Planning Manager Dan Fairbanks. The 2030 forecast for March Inland Port adopted for the 2004 RTP was 8.0 million air passengers (MAP), which assumed unconstrained conditions at March Inland Port. The issue of the physical capacity constraint of the airfield's one runway and the operational constraint of current joint use agreement that the March JPA has with the Department of Defense was discussed at this meeting. It was agreed that both of these constraints will be used in revising the passenger forecast for March Inland Port for the 2008 RTP.
- On July 19th the CTC Commission Meeting held an Air Quality Conformity Work Shop at SANDAG and I participated as a Speaker. I reviewed the impacts of air quality conformity on transportation project selection in southern California and what air quality issues I thought the CTC should be aware of in implementing the proposed transportation bond package.

III. SCAG Operations

- Performance Evaluations/Agreements

All performance evaluations for the 2005/2006 fiscal year have been completed and all merit payments implemented in July 2006. Performance Agreements for 2006/2007 will be completed this month.

- Recruitments

The CFO and the Director of Legal & Intergovernmental Relations are reviewing their staffing needs and department structures. The Information Technologies Manager interviews have been scheduled with a hire anticipated by the end of the month. There are several other staff recruitments underway.

- Training and Development/Professional Pathways

The July Wellness theme was Working Towards Balance in your life. August brings Mind Matters and staying sharp mentally. The financial education series continued with a session on "Planning for

Education Funding." The leadership/management skills training classes will resume in August with Project Management II, Employee Motivation/Coaching and Counseling, Interpersonal Communication and Media and Public Relations. Speech Communication training for employees with English as a second language, SAP training and Preventing Harassment and Discrimination classes are on-going as well.

IV. Implement Adopted Regional Plans

- Regional Transportation Plan (RTP). Staff and I met on July 26, 2006 with a delegation from the City of South Pasadena to discuss the proposed Route 710 Tunnel option and a proposed Resolution to be acted on regarding the tunnel option and the 2007 Regional Transportation Plan. We also discussed a letter we had just received from the City regarding the RTIP and what it contained regarding the 710 Project. This issue will be coming to TCC in September.
- SCAG held a conference call with representatives from the US Department of Transportation (US DOT) including their Capital Markets Advisor Robert Clark Brown and Legal Counsel Steve Rochlis on Wednesday, July 26, 2006.

The federal representatives provided further clarification on current TIFIA statute/eligibility provisions for preconstruction work on Goods Movement projects in our region. They explained that the current statute does not preclude TIFIA assistance for preconstruction work as long as project cost threshold, credit review and other federal requirements of the program are met. It is really a policy consideration for the US DOT as to whether the agency can or should take on risks (financial/litigation risks) associated with TIFIA loans for preconstruction work. The TIFIA program, however, is currently undersubscribed and has the capacity to fund preconstruction projects.

They provided additional suggestions for accessing the TIFIA program for preconstruction work that could address the Record of Decision (ROD) requirement.

Additionally, the discussion focused on meeting the credit requirements for TIFIA loans. TIFIA credit review requirements (including an investment grade repayment stream) would be a challenge for preconstruction projects, but a pledge may be possible between the many stakeholders in the southern California region—particularly for the region's goods movement initiatives.

- On July 27 the SCAG Aviation Task Force met at the agency's offices. Information agenda items for the meeting included an update of the San Diego Airport Site Selection Study by San Diego County Regional Airport Authority staff, an overview of the Regional Aviation Demand Model (RADAM) by Citigroup Technologies, and an update of the Regional Airport Management Implementation Study by Prof. Steven Erie of UCSD. An action agenda item included the approval of new 2035 regional aviation system scenarios for RADAM modeling for the 2008 RTP. Regional aviation scenarios that were unanimously approved by the Aviation Task Force for submittal to the Transportation and Communication Committee included Constrained, Unconstrained and Preferred scenarios.
- Regional Comprehensive Plan (RCP). The RCP Task Force is changing its regular meeting date to the second Monday of the month, and continues to invite participation from any interested members. Staff

has recommended three new members for appointment to the RCP Task Force in order to fill vacancies and assure geographic representation.

SCAG received proposals from seven qualified consultants in response to the recently circulated Energy Planning Request for Proposals. After reviewing the proposals and conducting interviews, the Proposal Review Committee has recommended the contract be awarded to a highly qualified firm, pending contract approval. The consultant will assist with the Energy Chapter of the Regional Comprehensive Plan by forecasting energy supply and demand, providing cost scenarios in response to energy supplies, and identifying local best practices.

The first meeting of the Open Space Working Group was held on July 11th. This group of elected officials, experts, and stakeholders will be assisting staff on the development of the RCP Open Space and Habitat Chapter.

On July 17th Staff and I met with Ellis Stanley of the City of Los Angeles and Dr. Lucy Jones of the U.S. Geological Survey regarding a joint effort on earthquake awareness and preparedness called the “Year of the Earthquake.” SCAG is going to assist in this effort by convening a working group, and incorporating the results of the project into the Security and Emergency Preparedness Chapter of the RCP. Dr. Jones will be presenting to the RCP Task Force on August 14th.

- Governor’s Strategic Growth Initiative. Jim Gosnell attended an Advisory Committee meeting to hear and discuss the progress the state was making on the upcoming bond programs assuming they pass this November. The Business, Transportation and Housing and Resources Agencies hosted the meeting. A number of regional representatives, environmental groups, ports, state departments and others were in attendance to hear where the state was going with the California Transportation Commission working groups preparing guidelines, Caltrans with the Blueprint Planning grants and other bond related activity.
- Maglev. China Maglev Trip – A delegation of the Regional Council visited Shanghai, China to experience first hand the Maglev project built between their international airport and financial district in the City. The group, led by Supervisor Burke, included Harry Baldwin, Paul Nowatka, Alan Wapner, Bernard Parks, Bill Rosendahl, Greig Smith, the mayor and vice mayor of West Covina, the Chief Legislative Analyst with the City of Los Angeles, a representative of the Pechanga Indian tribe and Jim Gosnell. They met with the Secretary General of the City of Shanghai, a representative of the Urban Planning Institute of the City, and Commander Wu, the man who led the construction and initial operation of the Maglev project (as well as the new international airport). In addition to riding the train, there was a presentation on the control center and an inspection of external noise exposure. I hope the trip was informative and helpful to all who participated.

V. Develop Additional Planning Efforts

- Compass Blueprint. Planning is underway for the first annual Compass Blueprint Conference and Awards Program is to be held in the spring of 2007. This event will bring together the cities of southern California to learn more about the latest planning tools available to build world class development projects and showcase successful projects throughout the region demonstrating Compass principles.

The attached link provides preliminary details of the conference and how cities can apply for the awards program. Further details will be mailed out at a later date and posted on the Compass website at www.compassblueprint.org.

- Growth Forecast. In July, the Preliminary Draft of the 2007 RTP growth forecasts (population, employment, and households) at all geographic levels were completed. The forecasts incorporated the policies adopted in the 2004 RTP, with adjustments reflecting the most recent growth trends/data from all related government agencies (Census, Bureau of Labor Statistics, California Employment Development Department, and Department of Finance), feedbacks/lessons from plan implementation, and inputs/comments received from subregions/local jurisdictions. . This forecast will be the basis for the sub region/local jurisdiction workshops in September.

In coming months, staff will present to, and work with policy and technical committees to reach consensus on incorporating additional policy components and various technical methodologies/decisions such that the final forecasts and the housing allocations will reflect regional consensus and policies that link housing to transportation.

- California Blueprint Grant. SCAG hosted a meeting with BTH Secretary Sunne McPeak on June 21st to discuss the status of Blueprint grant TOD analysis, Compass Blueprint Program including Demonstration Projects, workshop format for upcoming housing planning activities, and PILOT Program for housing planning. SCAG's Demonstration Project program continued work with its partner communities of the Cities of Riverside, Corona, Perris, March AFB and Western Riverside Council of Government for the WROCG Demonstration Project; the County and City of Los Angeles for the EXPO line project, and the cities of Compton and Montclair. SCAG staff, along with its consulting team, continued to devise a workshop format for the upcoming housing planning activities. The workshops will use iPlaces to engage participants in interactive growth planning and visioning.

VI. Data & Planning Methods

- GIS Metadata Training Held. SCAG GIS staff provided Metadata Training to the member jurisdictions on June 28, 2006. The objectives of the training include achieving a better understanding of metadata to facilitate data sharing as well as to meet the federal requirements. The two-hour training helped attendees to learn about metadata which includes, for example, substance and author of the data, dates of the data being created, where the data is stored, and how the data is collected. It also covered procedures for creating the metadata. The attendees from seven cities (Lakewood, Lancaster, Moorpark, Ontario, Seal Beach, Covina, and Inglewood) attended the training. During this fiscal year, Staff will continue to provide metadata training for member jurisdictions.

VII. Legislative Program

- FY 2007 Transportation Appropriations. On Thursday, July 20, 2006, the U.S. Senate Appropriations Committee approved a \$140.9 billion FY 2007 Transportation, Treasury, Judiciary, HUD, and related agencies appropriations bill. The bill passed full Committee by vote of 28-0 and is referred to the Senate floor. This bill is the Senate Appropriations mark-up of HR 5576, the Transportation Appropriations bill approved by the House of Representatives by vote of 406-22 on June 14, 2006.

Notable funding provisions of the bill for transportation and housing are as follows:

- \$14.25 billion for the Federal Aviation Administration;
- \$8.8 billion for the Federal Transit Administration;
- \$1.59 billion for the Federal Railroad Administration, of which \$1.4 billion is for Amtrak;
- \$36.6 billion for the Housing and Urban Development (HUD) Department, including \$15.9 billion for tenant-based rental assistance, also known as Section 8 vouchers, and \$5.7 billion for project-based rental assistance;
- \$4.2 billion for the Community Development Fund, of which \$4.1 billion is used to support the Community Development Block Grant (CDBG) program;
- \$1.9 billion for HOME investment partnership grants; and \$1.5 billion for homeless assistance grants;
- \$39.1 billion for federal highway aid.

The bill has not been scheduled for hearing on the Senate floor and likely will not be heard until after the Senate reconvenes from its summer recess on September 5.

- Infrastructure Bond Poll Results. The most recent field poll results for the infrastructure bonds were released on July 28th. Among likely voters, four of the five public works bond measures are favored. The results are as follows:

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| – Prop 1B (Roads-\$19.9b): | Yes: 54% | No: 27% | Undecided: 18% |
| – Prop 1C (Housing-\$2.8b): | Yes: 33% | No: 42% | Undecided: 25% |
| – Prop 1D (Schools-\$10.4b): | Yes: 48% | No: 37% | Undecided: 15% |
| – Prop 1E (Flood-\$4.1b): | Yes: 47% | No: 33% | Undecided: 20% |
| – Prop 84 (Water-\$5.4b): | Yes: 49% | No: 31% | Undecided: 20% |

If the bond measure are approved by a majority of voters in November, enabling legislation will be introduced in the 2007 legislative session to implement programs funded by the bond. SCAG will be active in that process to insure a fair distribution to the SCAG region and to advance our Regional Council-approved legislative program.

- SCAG “RHNA” Pilot Program Legislation. The Regional Housing Needs Assessment (RHNA) Pilot Program endeavors to streamline the needs assessment process through a policy driven approach that integrates the growth forecast process into the allocation determination process. It provides for early and fuller use of local input to help determine the amount and distribution of growth between subregions, cities and counties. It also provides for one round of appeals and adds the existing planning factors in housing law as a basis for filing an appeal.

On July 6, 2006, the Regional Council adopted the RHNA Pilot Program legislative language developed by SCAG after months of input from members and housing stakeholders throughout the region. After negotiating with legislators to finalize the language, revised statutory language was immediately

forwarded to Regional Council and CEHD Policy Committee members. Over the following two week period, SCAG officers, HCD and League of City executives, subregions and county planning directors were briefed, RC advocates were lined up, letters of supports were drafted, an email update system was established, and the search for the optimal legislative vehicle narrowed. In addition, I, Jim Gosnell, Karen Tachiki and Paul Bauer met with representatives of the League of California Cities and the Director of HCD and her staff to review the strategy language. We will be reviewing the input received with the Executive Committee.

As I noted at the July Regional Council meeting, SCAG will introduce the approved Pilot Program language into a legislative bill in August with the intention of passing it the four-week legislative session that begins August 7 and ends August 31. If passed, the bill must be signed by the Governor by September 30 in order to become law.

- On July 31st I and Jim Gosnell attended a meeting held by the California Foundation on the Environment and Economy (CFEE) to discuss next steps on SB1467, the Public Private Partnership legislation passed earlier this year. This bill calls for legislative approval of potential projects allowed in the legislation. A number of members of CFEE are concerned about the impact that requirement might have on the private sector's willingness to participate. They agreed to work on clarification of the statute about how the legislature might exercise that approval authority. The Design Build legislation was also discussed.